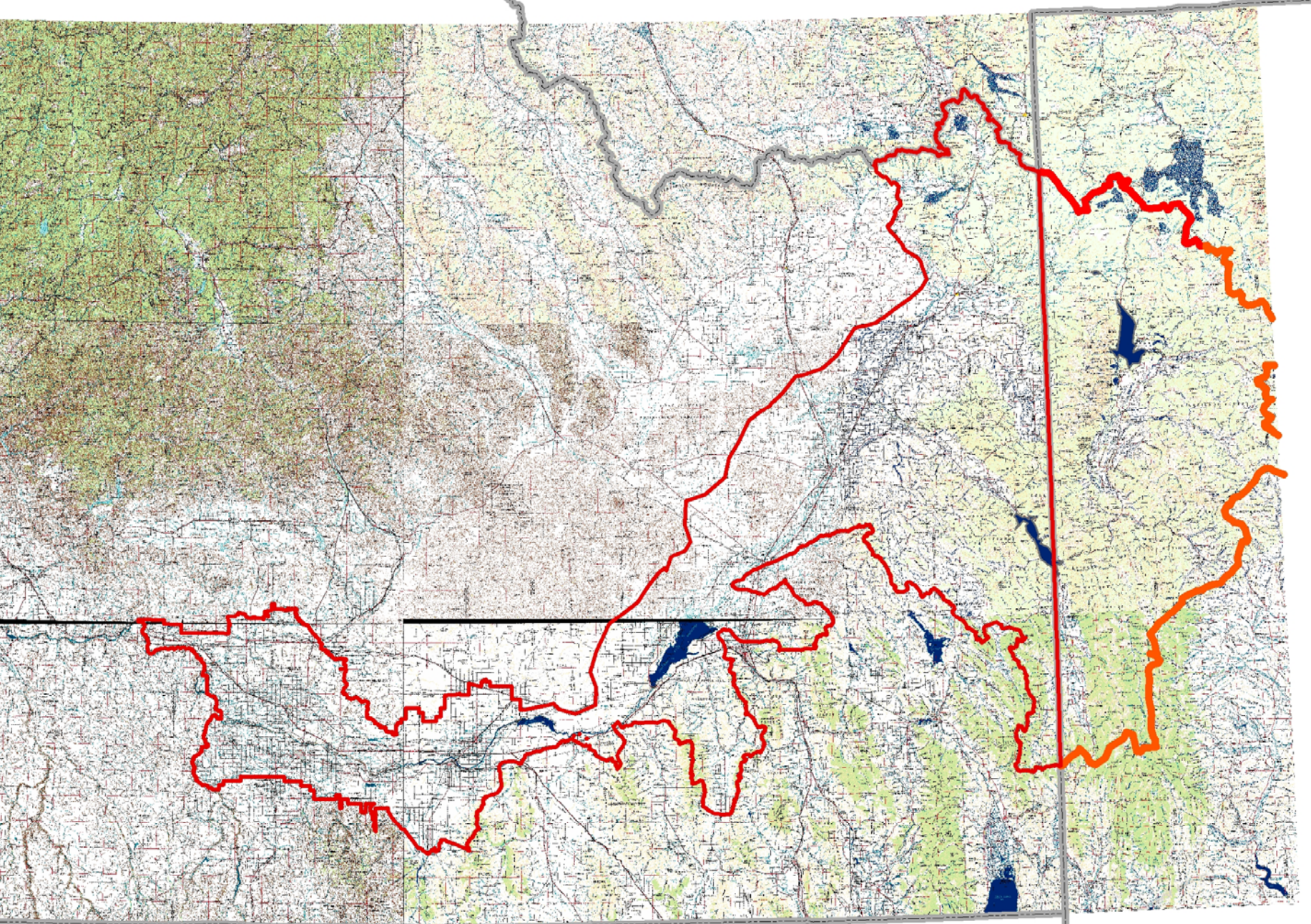


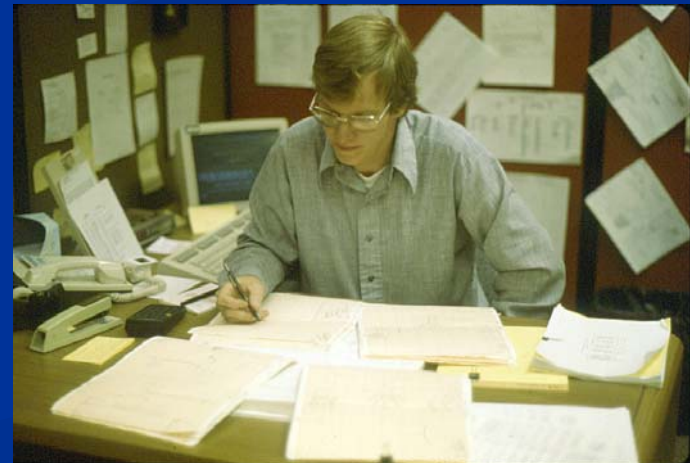
Water District #1 Rental Pool

Tony Olenichak
Program Manager
Water District #1



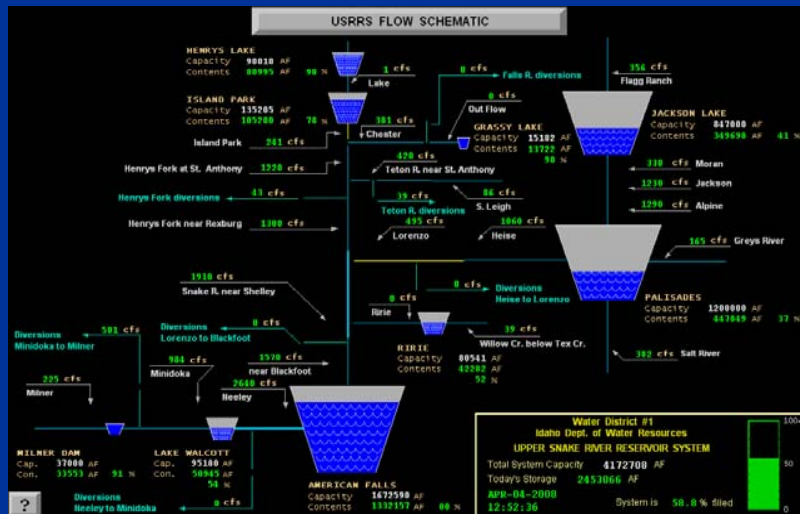
Water District #1 Responsibilities

- Regulate diversions from Snake River and its tributaries.
- Account for the daily distribution and diversion of natural-flow and storage each day.



WATER DISTRICT #1 WATER VOLUMES

- 6-8 MAF of total water diverted each year.
- 1-3 MAF of storage diverted each year.
- 4 MAF = Total storage capacity.



WATER ACCOUNTING NOTES

- Every acre-foot in the reservoirs is contracted to a specific canal company or irrigation district, i.e., “spaceholder”.
- Water District #1 doesn’t own any water rights or storage water, it only accounts for usage and diversion by the various entities.
- If a spaceholder doesn’t use their entire storage allocation, they may “carry-over” the remaining storage into the following irrigation season.

DIVERSION DATA - AUG 15, 2007										20071101				
DIVERSION	CFS	CFS	AF	AF	DIVERSION	CFS	CFS	AF	AF	DIVERSION	CFS	CFS	AF	AF
DIVN	STOR	USED			DIVN	STOR	USED			DIVN	STOR	USED		
1 P BIRD	0	0	0		101 113 L FRANKEN (29)	0	0	0	225 N FULLMER	0	0	0	0	0
2 BOY SCOUT PUMP	0	0	0		15 114 L BRATT	0	0	0	8 226 D BOYCE	0	0	0	0	0
3 A ROSTAD	0	0	0		194 115 L LOOSLI #1	0	0	570	4 227 A TOMCHAK #1	0	0	0	0	0
4 A BOSE	0	0	0		40 116 DENNY	0	0	0	7 228 C BOYCE	0	0	0	0	322
5 PALISADES CANAL	8	4	1642		268 117 J SEELEY	12	12	2888	0 186 229 STENKE-MURDOCK	0	0	0	0	388
6 J FLEMING	0	0	0		0 118 YELLOWSTONE	0	0	0	0 230 L CARLSON N (12)	0	0	0	0	0
7 MERT OGDEN	0	0	0		0 119 ATCHLEY PMP (10)	0	0	0	0 231 B TOMCHAK #2	0	0	0	0	445
8 LYNN DIXON	0	0	0		100 120 MARYSVILLE	57	57	18555	9521 232 L CARLSON S (12)	0	0	0	0	0
9 J CHICK	0	0	0		0 121 F & L GRIFFEL	0	0	0	274 233 N BROWN	0	0	0	0	0
10 L JACOBSON	0	0	0		202 122 R BAUM	0	0	0	144 234 KINGSTON NTH	0	0	0	0	150
11 J SPANGLING (TR)	0	0	0		0 123 G/6 (10)	0	0	0	0 235 G OFFUT (12)	0	0	0	0	0
12 B POSTER	0	0	0		852 124 FARMERS OWN	44	44	6912	4076 236 KINGSTON STH	0	0	0	0	150
13 ANDERSON	242	0	4471		325 125 W SCAFE	0	0	0	48 237 BEAR ISL NORTH	0	0	0	0	146
14 M & M CATTLE (SR)	0	0	0		64 126 STUMM #2 (10)	0	0	0	238 BEAR ISL WEST	0	0	0	0	0
15 M NEWBY #1	0	0	0		518 127 R STUMM #1 (10)	0	0	0	0 239 CSOOD	12	12	8261	2484	2484
16 M NEWBY #2 (18)	0	0	0		0 128 M GRIFFEL	0	0	0	146 240 CLEMENTS	0	0	0	153	506
17 M NEWBY #3 (18)	0	0	0		0 129 L LOOSLI #2	0	0	0	319 241 KENNEY	16	8	184	229	0
18 EAGLE ROCK (1)	317	0	0		0 130 C MALOUF	0	0	0	0 242 GREAT WESTERN	319	366	54192	26836	26836
19 FARMERS FRIEND	313	0	11264		280 131 CONANT CR CANAL	1	1	2397	567 243 L HANSEN E (12)	0	0	0	0	29
20 WATERPIKE	617	2676	61		617 132 K NYBORG	0	0	0	221 244 A ZOMER	0	0	0	0	0
21 C RICHMAN	0	0	0		12 133 BOOM CR CANAL	0	0	581	511 245 V CENELL	0	0	0	0	58
22 BATTLE LAND	48	32	97		381 134 ORME CANAL	0	0	0	0 246 M BOAM (12)	0	0	0	0	0
23 ROSS AND RAND	4	0	138		-7 135 SCUR PMP #3	0	3	622	-343 247 R MACCAT (12)	0	0	0	0	0
24 STEELE	0	0	0		0 136 L ORME PUMP	0	0	0	189 248 IDAHO	857	678	30676	45974	45974
25 HARRISON	477	442	3312		8401 137 D MARSHBARGER (25)	0	0	0	0 249 PORTER (16)	229	0	0	0	0
26 CHENEY (24)	0	0	0		0 138 SCUR PMP #1 (19)	3	0	0	0 250 LOERTSCHER	2	0	0	0	0
27 G SCOTT #1 (24)	0	0	0		0 139 D ZUNDEL (23)	0	0	0	0 251 BOYD POSTER	0	0	0	0	0
28 J BROWN	0	0	0		0 140 L LOOSLI #3	0	0	0	312 252 SCHNEIDTMAN	0	0	0	0	0
29 BUTLER ISL #2	0	0	0		129 141 L LOOSLI #4 (26)	0	0	0	0 253 LOVELL # 1	2	0	0	0	0
30 G SCOTT #2 (24)	0	0	0		0 142 D BUDGE	0	0	0	134 254 T FERGUSON	0	0	0	0	0
31 SURDIV PUMP	0	0	0		0 143 J HILL (23)	0	0	0	39 255 LOVELL # 2	2	1	0	0	0
32 RUDY	117	56	18130		2452 144 D REYNOLDS	0	0	0	430 256 W REED #1	0	0	0	0	0
33 LOWMEY SLOUGH	0	0	2530		-85 145 C DOOL	0	0	0	248 257 SARGENT & SUMMERS	0	0	0	0	0
34 KITE & NORD	0	0	268		-22 146 T POTTER	0	0	0	73 258 DORTSCH PUMPS	0	0	0	0	0
35 BURGESS	44	13	3575		8406 147 ENTERPRISE	74	74	15535	9286 259 W REED #2	0	0	0	0	0
36 M H HILL	0	0	0		174 148 R D MILLER	0	0	0	106 260 POSTER-SARGENT P	0	0	0	0	0
37 CLARK & EDWARDS	71	1	314		144 149 C ATCHLEY (10)	0	0	0	0 261 SPERRY	0	0	0	0	0
38 CROFT	0	0	151		46 150 W C DAVIS (10)	0	0	0	0 262 ORVAL AVERY	0	0	0	0	0
39 A SAUGO	0	0	0		5 151 FALL RIVER CANAL	21	95	6039	6564 263 ROY AVERY	0	0	0	0	0
40 G HOLMAN	0	0	0		32 152 CHESTER	6	6	872	674 264 STUCKY PUMPS	0	0	0	0	0
41 G WMA	0	0	0		60 153 MORSE	0	0	78	-64 265 SCHNEIDTMAN #2	0	0	0	0	0
42 EAST LABELLE	125	4	329		391 154 SILKEY	0	0	81	75 266 ROY COOPER SAND	1	0	0	0	0
43 B GROVER (22)	0	0	0		0 155 CURS	20	0	71	-32 267 ROY COOPER WILL	0	0	0	0	0
44 RIGBY	177	16	3860		1515 156 RLF PUMP	0	0	0	0 268 D KEELER	4	0	0	0	0
45 K POSTER (22)	0	0	0		0 157 L LOOSLI #5	0	0	0	0 269 PROGRESSIVE SAND	206	0	0	0	0
46 WHITE ISLAND	0	0	0		0 158 BLANCHARD	0	0	0	43 270 BEAR	4	0	0	0	0
47 DILTS LATERAL (2)	0	0	0		0 159 LAST CHANCE	9	9	6544	4585 271 W & O COOPER	0	0	0	0	0
48 DILTS	0	0	1289		982 160 CROSSCUT TO TERN	74	0	2975	-2975 272 IDAHO FR SAND CK	0	0	0	2818	-2818
49 1800	125	0	9250		2881 161 SCUT FALL R (18)	74	0	0	0 273 DEMICK	0	0	0	0	0
50 W LABELLE & LG 1	306	0	2816		2477 162 FARMERS FRIEND	27	27	3930	977 274 PROGRESSIVE WILL	77	40	2236	-2236	2236
51 W & B LENOVALE	32	0	363		815 163 TWIN GROVES	20	20	3636	1266 275 IF MONROE LYONS	0	0	0	0	0
52 NORTH RIGBY	36	0	238		789 164 ST ANTHONY UNION	325	4	468	10505 276 WOODVILLE	34	34	4912	8822	8822
53 JEFF HILLS ELAC	0	0	0		77 165 SALEM UNION	164	164	16588	12237 277 WOODV PMP#1 (21)	0	0	0	0	0
54 WHITE DITCH (3)	21	0	166		0 166 EGIN	233	0	3068	6152 278 WOODV PMP#2 (21)	0	0	0	0	0
55 D PHILLIPS	0	0	0		40 167 ST AN U PDR (17)	104	0	0	0 279 WOODV PMP#3 (21)	0	0	0	0	0
56 VAN HANON	0	0	0		25 168 INDEPENDENT	93	0	2311	29013 280 IDAHO PUMP	0	0	0	0	0
57 BRANDEL	0	0	0		-15 169 UNCONSOLIDATED FRS	157	157	16913	4983 281 SHADE RIVER	378	378	3804	24798	24798
58 LILLS (11)	0	0	0		0 170 SOUTH PIPE	13	13	1240	-1240 282 P HILL (13)	0	0	0	0	0

OBSERVATION

- Some water users run out of water prior to the end of the irrigation season – and some storage spaceholders have more water than they can use during the irrigation season.



OUTCOME

- Leads to a process by which the “have’s” help out the “have not’s” , i.e., a spaceholder will allow (rent) some of their storage water to another water user so they can get through the entire irrigation season (with some sort of monetary reimbursement).



RENTAL POOL HISTORY (pre – 1978)

- Storage only
 - Natural-flow water rights not supplied
- Informal process to supply water
 - Watermaster contacted spaceholders encouraging them to supply unused storage to other water users facing immediate shortages.
- Price fluctuates between \$0.17/AF (1932) and \$0.50/AF (1977).
- Bureau of Reclamation's spaceholder contracts prevent spaceholders from “profiteering” from their storage rentals.
- Rental proceeds are split 50-50 between spaceholder and Bureau of Reclamation.



Rental Pool Procedures Formalized in 1978



Principles:

- 1) Storage leased by the Rental Pool cannot result in injury to other water rights in Water District #1.
- 2) Releases of stored water past Milner represent the most consumptive use of Snake River water.
- 3) Stored water in Snake River reservoirs was appropriated for irrigation purposes. Irrigation therefore should have the first right to lease water from the Rental Pool.



RENTAL POOL PRICE AND PAYMENT REVISED FOR 1979

\$0.75/AF price for rental

- \$0.25/AF of proceeds paid to Water District #1 for administrative fee
- \$0.50/AF of proceeds paid to spaceholder supplying storage
- Determined that Bureau of Reclamation had no basis for being included in the rental pool payments



1979 IDAHO WATER SUPPLY BANK LEGISLATION



- Idaho Code 42-1761 creates water supply bank and appoints Water Resources Board to operate it.
- Idaho Code 42-1765 allows for the appointment of local committee to facilitate the rental of stored water.
- Water Resources Board appoints Committee of Nine to administer the Water District #1 Rental Pool.

RENTAL POOL PROCEDURES (1979-1987)

- All spaceholders given opportunity to supply all, a portion, or none of their storage supply to rental pool.
- Storage supplied is deducted from suppliers storage allocation when supplied to rental pool.
- Unused (unrented) supply returned to spaceholder at end of the season.
- Suppliers share proportionally in rental proceeds.
- Unused (unrented) water returned to supplier at end of season.



"LAST-TO-FILL" PROVISION ADDED IN 1988



- 1987-1988 drought triggered concern for consumptive uses and demand below Milner.
- Principle of rental pool: Reservoirs are to provide water for irrigation, and storage leased by the rental pool cannot result in injury to other water rights in Water District #1.

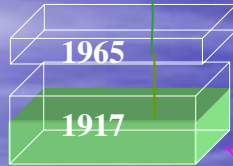


"LAST-TO-FILL" PROVISION

- Storage suppliers to the Rental Pool given the option as to whether or not they wished to make their space available for rentals below Milner for power purposes.
- Storage assigned and rented for purposes below Milner became "last-to-fill" in the reservoir the following season, and for each season thereafter until it refilled, so as not to affect the refill and storage allocations of other spaceholders.



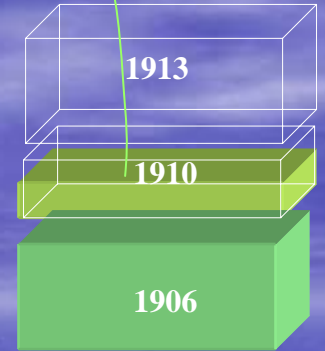
Henrys Lake
1965: 10,650 AF
1917: 79,350 AF
Total : 90,000 AF



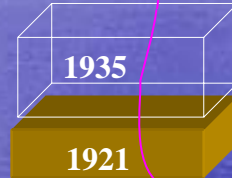
Grassy Lake
1936: 15,204 AF



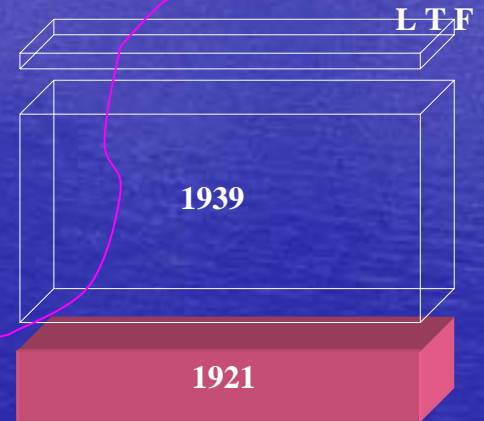
Jackson
1913: 409,190 AF
1910: 138,829 AF
1906: 298,981 AF
Total: 847,000 AF



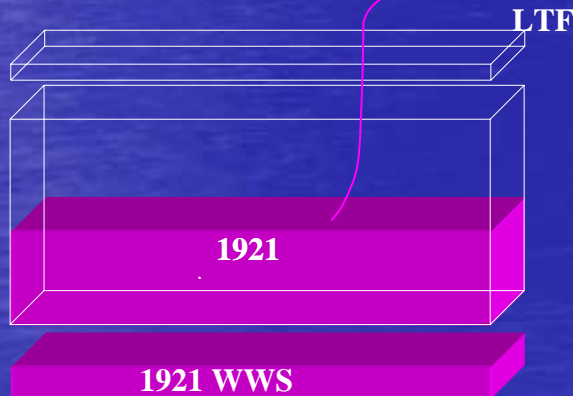
Island Park
1935: 90,000 AF
1921: 45,000 AF
Total :135,000 AF



Palisades
LTF: 96,881 AF
1939: 846,411 AF
1921: 256,709 AF
Total: 1,200,000 AF



American Falls
LTF: 57,752 AF
1921: 1,458,008 AF
WWS: 156,830 AF
Total : 1,672,590 AF



Lake Walcott
95,200 AF



Ririe
1969: 80,500 AF



TWO-TIERED PRICING SYSTEM BEGINS IN 1994


- Bureau of Reclamation seeks water for flow augmentation for fish.
- Due to the potential for additional depletion from the Upper Snake River Basin, the cost for storage outside the district below Milner Dam shall be higher than the cost for storage used for irrigation within the district.
- Cost for rental storage in 1994:
 - \$2.95/AF for uses above Milner;
 - \$8.95/AF for uses below Milner with \$2.00/AF being returned to the purchaser if the reservoir system refilled the following year.



RENTAL POOL SUPPLY PROBLEMS ENCOUNTERED IN DROUGHT YEARS 1992, 1994, 2001 & 2002




- Canal managers' primary concern is to have enough water to make it through the year.
- Spaceholders unwilling to supply a portion of their allocation at the beginning of a dry year.
- No water available for below Milner because entire supply was purchased for irrigation purposes.



Hmmmm...

**NEW RENTAL POOL CONCEPT NEEDED TO INSURE A
MORE RELIABLE RENTAL SUPPLY YEAR-TO-YEAR,
AND TO HAVE IT AVAILABLE AT THE BEGINNING
OF THE SEASON**



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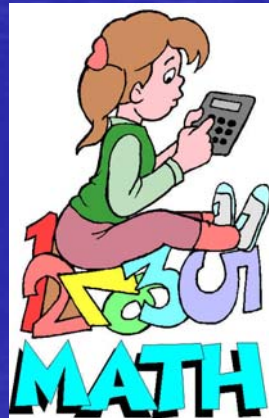
THE GLOBAL RENTAL POOL CONCEPTS



- I. Every spaceholder commits to supplying all, or any portion, of their remaining storage (carryover) at the end of the season to provide for water users needing (renting) additional water during the irrigation season.

THE GLOBAL RENTAL POOL CONCEPTS

II. Assumption: There's usually at least 0.5 MAF of unused storage (carryover) in the reservoirs at the end of the year, and there's always been less than 0.5 MAF of rentals each year. Therefore, the rental supply should always be adequate for the demand.



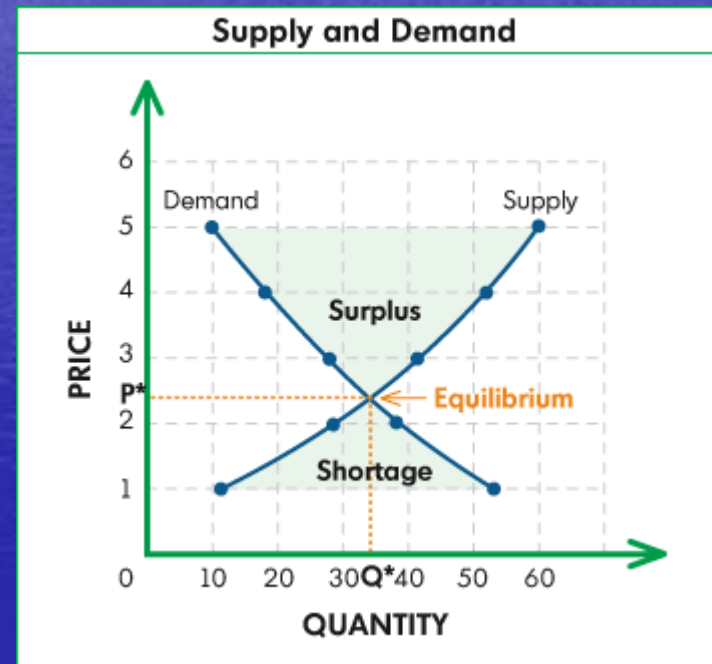
THE GLOBAL RENTAL POOL CONCEPTS

III. Spaceholders have the ability to use their entire storage allocation for the irrigation year. If they have some storage allocation remaining (unused) at the end of the year, they would get paid for providing it (or any portion thereof) needed for the Rental Pool supply.



THE GLOBAL RENTAL POOL CONCEPTS

IV. Rental price would depend upon water supply, i.e., rental price would be high in dry years (limiting demand) and low in wet years (when water is plentiful and demand for rental is low).



THE GLOBAL RENTAL POOL CONCEPTS

- V. Sufficient storage water should be available for all willing to pay the price.



OBSTACLES TO GLOBAL RENTAL POOL



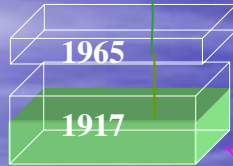
OBSTACLES TO GLOBAL RENTAL POOL

- 1) Not all spaceholders willing to participate.
- 2) Concern for higher rental demands if supply is unlimited to those wishing to purchase rental storage.
- 3) Average farmer may not be able to pay high rental price in dry years when competing for rentals with federal government and Idaho Power Company.
- 4) Process may not work well in back-to-back drought years resulting in more storage purchased than physically available, dry reservoirs, sedimentation problems, water-delivery problems, and complaints from fishermen, recreationalists, and public.

RENTAL POOL PROCEDURES 2003-2007

- Mixture of “global” concepts and previous procedures to obtain rental pool supply.
- Recognition that spaceholders’ allocations could be “impacted” by the previous year’s rentals when the reservoir system failed to fill.

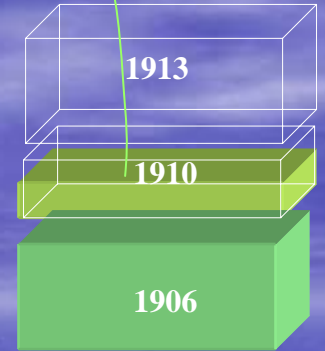
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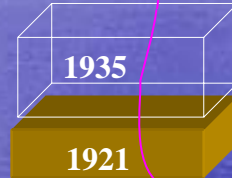
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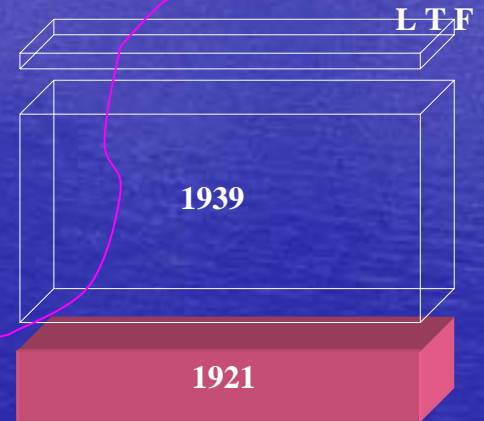
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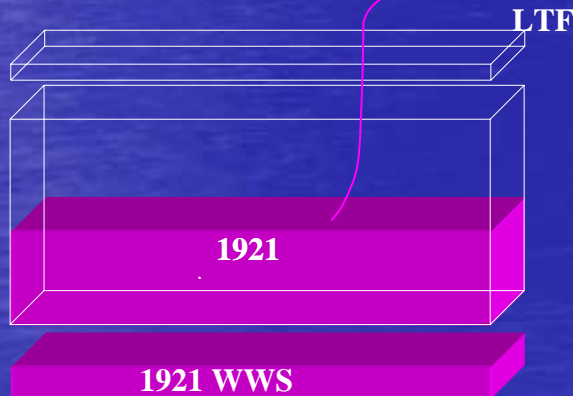
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1921: 1,458,008 AF
WWS: 156,830 AF
Total : 1,672,590 AF



Lake Walcott
95,200 AF



Ririe
1969: 80,500 AF



Current Rental Pool Procedures

- Spaceholders given the choice to participate or not to participate in Rental Pool.
- 55,000 AF supplied from late-season fill for uses above Milner.
- 0 to 205,000 AF supplied from late-season fill for flow augmentation below Milner depending on reservoir system contents and April 1st runoff forecast (same in Nez Perce Water Rights Settlement Agreement).
- Two-party leases allowed.
- Rental price varies depending on water supply.
- A portion of rental proceeds paid to all spaceholders.
- A portion of rental proceeds set aside to pay spaceholders when they are “impacted” by the previous year’s rentals.

PRIORITIES FOR RENTING WATER WHEN DEMAND EXCEEDS 50,000 AF SUPPLY – RULE 5.1

- 1) Spaceholders who have been impacted by the previous year's rentals.
- 2) Spaceholders for agricultural purposes up to the amount of their unfilled storage space.
- 3) Rental for purposes above Milner.
- 4) Rental for purposes below Milner.

Note: If rental requests are less than 50,000 AF fifteen days following the preliminary storage allocation, rental requests will be filled on a first-come first-served basis after that time.

TWO-PARTY LEASES

- Leases may be arranged between spaceholder and 2nd party wanting to rent storage from the spaceholder, as approved by the Watermaster – Rule 3.9
- Price is negotiable, however, 10% of rental price is paid to Water Resources Board and \$0.80/AF paid to Water District #1 for administrative costs – Rule 7.1
- Two-party leases cannot be used for deliveries below Milner (power generation and flow augmentation) – Rule 3.9
- Storage rented through a two-party lease becomes last-to-fill in the reservoir system the following year so as not to impact the storage allocation to other spaceholders – Rule 1.9

RENTALS FOR FLOW AUGMENTATION BELOW MILNER

- Rental amounts available for flow augmentation below Milner listed in Table 1 of Rental Pool Procedures ("Rainbow Chart") – Rule 3.8
- Amounts based on physical contents and April 1st runoff forecast
- Rental supply may be increased from amounts shown in Table 1 by the Committee of Nine under "extraordinary circumstances" – Rule 3.8

November 1	Stipulated Augmentation Rental Water District 1						
Carryover	<-----April 1 to Sept 30 Heise Forecast 1000s AF----->						
1000s AF	<2,450	<2,920	<3,450	<4,208	<5,042	<5,670	>5,670
0	0	0	0	0	150000	185000	185000
100	0	0	0	0	150000	185000	185000
200	0	0	0	0	150000	185000	185000
300	0	0	0	0	150000	185000	185000
400	0	0	0	0	150000	185000	185000
500	0	0	0	0	150000	185000	185000
600	0	0	0	60000	150000	185000	185000
700	0	0	0	60000	150000	185000	185000
800	0	0	0	60000	150000	185000	185000
900	0	0	60000	60000	150000	185000	185000
1000	0	0	60000	60000	150000	185000	185000
1100	0	0	60000	60000	150000	185000	185000
1200	0	0	60000	60000	150000	185000	185000
1300	0	0	60000	60000	150000	185000	185000
1400	0	0	60000	60000	150000	185000	185000
1500	0	0	100000	150000	185000	185000	185000
1600	0	0	100000	150000	185000	185000	185000
1700	0	0	100000	150000	185000	185000	185000
1800	0	0	100000	150000	185000	185000	185000
1900	0	0	100000	150000	185000	185000	185000
2000	0	0	100000	150000	185000	185000	185000
2100	0	0	100000	150000	205000	205000	205000
2200	0	0	100000	150000	205000	205000	205000
2300	0	0	100000	150000	205000	205000	205000
2400	0	0	100000	150000	205000	205000	205000
2500	0	0	100000	150000	205000	205000	205000
2600	0	0	185000	185000	205000	205000	205000
2700	0	0	185000	185000	205000	205000	205000
2800	0	0	185000	185000	205000	205000	205000
2900	0	0	185000	185000	205000	205000	205000

“IMPACTS” FROM PREVIOUS YEAR’S RENTALS

- Storage rentals can impact the following year’s reservoir allocation when the system fails to refill – Rule 3.2
- Non-participating spaceholders impacted from previous year’s Rental Pool will have their storage allocations increased equal to the amount of impact on their fill. The increased allocation will be deducted from the allocations of participating spaceholders – Rule 3.7
- Participating spaceholders whose fill is impacted from the previous year’s Rental Pool will be paid per acre-foot of impact at the current rental price for storage used for agricultural purposes – Rule 3.6

RENTAL PRICE – Rule 6.1

- 1) If the storage system fills: \$5.00/AF for purposes above Milner, plus 10% Water Resources Board rental surcharge, plus \$0.80/AF administrative fee – **Total price = \$6.30**
- 2) If the storage system does not fill but water is provided for flow augmentation: \$12.00/AF for purposes above Milner, plus 10% Water Resources Board rental surcharge, plus \$0.80/AF administrative fee – **Total price = \$14.00**
- 3) If the storage system does not fill and no water is provided for flow augmentation: \$18.00/AF for purposes above Milner, plus 10% Water Resources Board rental surcharge, plus \$0.80/AF administrative fee – **Total price = \$20.60**
- 4) Rental price for rental below Milner: \$12.00/AF for purposes above Milner, plus 10% Water Resources Board rental surcharge, plus \$0.80/AF administrative fee – **Total price = \$14.00.**

DISTRIBUTION OF RENTAL MONIES COLLECTED – Rule 7.1

- 10% rental surcharge paid to the Idaho Water Resources Board
- \$0.80/AF administrative fee paid to Water District #1
- 35% of rental price paid to all participating spaceholders proportionate to the amount of space owned by each spaceholder (paid immediately following irrigation season) – Rule 1.5
- 35% of rental price paid to all participating spaceholders proportionate to the amount of allocated fill of space owned by each spaceholder (paid within two weeks of issuance of preliminary storage allocation the irrigation season following the season the rental money was collected) – Rule 1.5
- 30% of rental price deposited in the Impact Fund.

IMPACT FUND – Rule 7.2

- An Impact Fund has been created to provide payments to spaceholders whose reservoir space failed to fill as a result of the previous year's Rental Pool activities
- 30% of rental price each year is deposited to the Impact Fund
- All interest accrued to the Rental Pool monies held by Water District #1 paid to the Impact Fund (Rule 7.1)
- Payments made to spaceholders whose storage allocation were impacted by the previous year's rentals (if any), are based on total impact, current year's rental price, and total monies on deposit in Impact Fund.

WHAT DOES THE FUTURE HOLD?

- Additional demand for storage released past Milner for flow augmentation and power production?
- Additional demand for groundwater mitigation and recharge?
- Are private leases interfering with supplies for flow augmentation?
- Are surface-water users to be provided rental only after all flow augmentation and groundwater demands have been met?

Any Additional Questions?